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# Capital Improvements Plan

## FY 2005 - FY 2010

### Introduction:

The District of Columbia's Capital Improvements Program (the "Capital Program") comprises the finance, acquisition, development, and implementation of permanent improvements projects for the District's fixed assets. Such assets generally have a useful life of more than three years and cost more than \$250,000. The Capital Improvements Plan (CIP) document is a comprehensive, annually updated, six-year plan for the development, modernization or replacement of city-owned facilities and infrastructure. The CIP consists of the appropriated budget authority request for the upcoming fiscal year and projected funding as well as expenditure plans for the next five years. In most instances, the major portion of capital authority goes toward improvements or applicable activities associated with streets, bridges, government facilities, public schools, and recreational projects.

The text of the CIP is an important planning and management resource. It analyzes the relationship of projects in the capital budget to other developments in the District. It also describes the programmatic goals of the various District agencies and how those goals impact the need for new, rehabilitated, or modernized facilities. Finally, it details the financial impact and requirements of the all the District's capital expenditures.

The CIP is flexible, allowing project expenditure plans to be amended from one year to the next to reflect actual expenditures and revised expenditure plans. However, consistent with rigorous strategic planning, substantial changes in the program are discouraged. The CIP is updated each year by adding a planning year, reflecting any necessary changes in projected expenditure schedules, proposed projects and District priorities.

The CIP is used as the basis for formulating the District's annual capital budget. The Council and the Congress adopt the budget as part of the District's overall six-year CIP. Following approval of the capital budget, bond act(s) and bond resolution(s) are adopted to finance the majority of projects identified in the capital budget. Inclusion of a project in a congressionally

adopted capital budget and approval of requisite financing gives the District the authority to spend funds for each project. The remaining five years of the program, called the outyears, shows the official plan for making improvements in District-owned facilities in future years.

### The Need for Capital Investment

After several years of underfunding, the District has significantly increased its expenditures to reinvest in the District's infrastructure. However, even today, we are not able to fund all identified capital needs, as competing needs pull in opposite directions.

We are limited by funding as well as competing demands on capital. As a result of these demands, the District has taken several actions to meet its priorities but also maintain a fiscally sound CIP. First, it has prioritized its capital projects and rescinded budget authority from those it deemed less important. Second, it has reallocated funding to high priority projects - both existing and new so that it can meet its most pressing infrastructural needs.

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Table CA-1  
Overview (dollars in '000s)

Total Number of Projects	211
Number of Ongoing Projects	97
Number of New project	114
Total FY 2005 Planned Funding	\$555,606
Total FY 2005 Planned Expenditures	\$555,606
Total FY 2005 to FY 2010 Planned Funding	\$1,959,683
Total FY 2005 to FY 2010 Planned Expenditures	\$1,959,683
FY 2005 Appropriated Budget Authority Request	418,275
Total Number of Capital Fund Positions	685
FY 2005 Planned Debt Service	\$368,761
FY 2005-FY 2010 Planned Debt Service	\$1,943,357
Percent of Total FY 2005 Capital Funding to total FY 2004 General Fund Operating	8.9%

\* Excludes DDOT's HTF

Figure CA-1

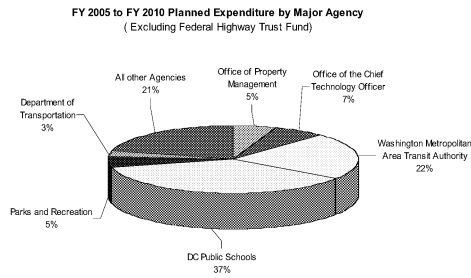


Figure CA-2

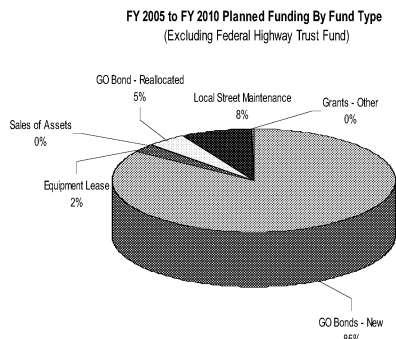


Figure CA-3

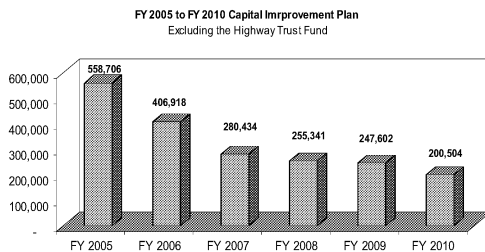
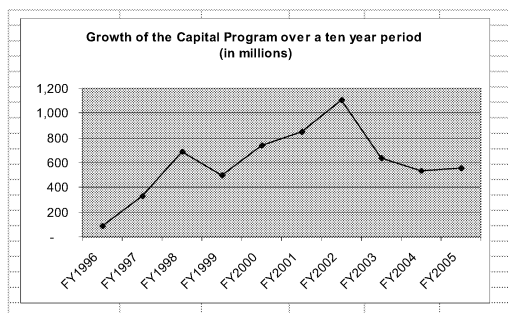


Figure CA-4



## The Current Capital Program for FY 2005-2010

The FY 2005 - FY 2010 Local CIP proposes an increase in funding of \$824 million over the next six fiscal years for 97 ongoing projects and 114 new projects. With a rescission of \$418 million, the net increase of funding is \$406 million for FY 2005.

For FY 2005 the planned funding level is \$555,606. The proposed planned expenditure is \$555,606. For FY 2005, planned expenditures have decreased by 4.9 percent from 2004. Table CA-2 (Cash Flow Proforma) provides the District's FY 2005-2010 Capital Improvements Plan. This table identifies the sources and uses of funding over the six-year period.

Figure CA-1 illustrates the planned expenditures between FY 2005 - FY 2010 by major agency. D.C. Public Schools (DCPS) constitutes the majority of the planned expenditures, with a significant portion of funding going toward the Washington Metropolitan Area Transit Authority and the Office of the Chief Technology Officer. Figure CA-2 illustrates the planned funding by fund type between FY 2005 and FY 2010. This figure shows that the primary source of funding for the capital improvements program is through its issuance of general obligation bonds. Figure CA-3 illustrates the 10 year history of the Capital Improvement Plan. Figure CA-4 shows the reinvestment in the District's infrastructure between 1996 and 2005. Due to recent economic conditions as well as managing toward its guiding principles, overall funding in the CIP has declined over the past three years. While this is a trend that we hope will end in the near future, it is an important consideration as we seek to balance competing, but necessary, projects.

It is also important to note that FY 2005 - FY 2010 is the result of a collaborative process involving the Mayor, City Administrator, Deputy Mayors, Chief Financial Officer, and the agencies. This team, called the Budget Review Team, reviews all new capital requests, sets priorities, and approves funding levels. The work of this team resulted in new funding for 114 projects, increased funding for 97 projects, and a reduced or eliminated of funding for 96 projects. About \$416 million was rescinded from current projects and reallocated to fund higher priorities.

## Appropriated Budget Authority Request

The Appropriated Budget Authority is the spending threshold approved by Congress for the District's CIP. Each year, Congress grants the District spending

authority to implement a District-wide capital program. Based on projected revenue collection, the District is authorized to issue general obligation bonds to refinance its capital projects. In previous years, the District explored alternative methods of financing projects such as short-term agreements, Master Equipment Lease, and pay - as - you - go financing. This year, we are continuing the use of these methods, especially the Master Equipment Lease.

Generally, before a capital project is eligible for capital financing, the following basic criteria must be met:

- It must increase the useful life of the asset beyond five years
- Its dollar threshold must be greater than \$250,000, and
- The asset must be affixed to a permanent structure.

Projects that fail to meet these minimum standards must seek alternative funding methods. The District's FY 2005 appropriated budget authority request includes a request of \$824 million of new funding and a rescission of \$418 million for a net increase of \$406 million. Table CA-3 provides a complete listing of the appropriated budget authority request.

### FY 2005 Operating Budget Impact

As mentioned earlier, each \$15 million in borrowing has a \$1 million impact on the operating budget for debt service. This principle is the operating budget impact of the capital program. In other words, the operating budget impact is the debt service cost, paid from Local revenue, associated with issuing general obligation bonds to finance the CIP. Table CA-4 shows the overall debt service funded in the FY 2005 operating budget, while Table CA-5 shows the total outstanding GO bonds debt service. While there are other sources of funding for projects, such as Master Equipment Lease, tobacco securitization, federal grants, and the Highway Trust Fund, general obligation bonds constitute the majority of the funding.

### Capital Funded Positions

Designing and implementing capital projects can require specialized labor. In most instances, the personal services (PS) costs associated with these positions are charged to the general fund. However, there are certain circumstances that allow agencies to charge positions against capital projects. For example, the Department of

Transportation may hire specific types of construction engineers and project managers to work on a Highway Trust Fund road project and charge them against a capital project. Funding for these types of positions is permissible, as long as the position is contributing to completing the project. As a result of recent increased in capital investments, the number of capital funded positions has increased by 71 positions or 19 percent over the FY 2004 total.

Figure CA-5 shows that the District has reduced the total number of capital funded positions since 1994. Although there has been a slight increase in positions starting with FY 2000, the District is still 309 positions below its level in FY 1993.

Figure CA-5

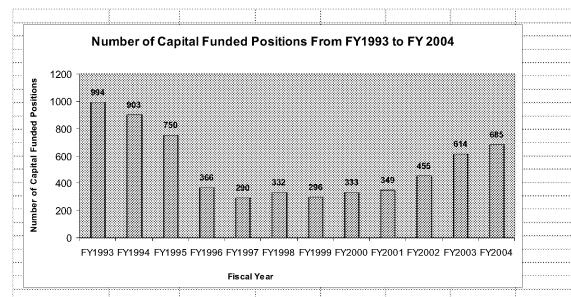


Table CA-2

**Capital Fund Proforma**

(in thousands)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 05 - FY 10 Total
<b>Sources</b>							
Capital QZAB Funds	0	0	0	0	0	0	0
Master Equipment Lease	19,453	9,400	9,400	9,400	9,400	0	57,053
Long-Term Financing - New (G.O. Bonds)	389,192	359,122	234,609	209,321	202,322	201,954	1,596,519
Long-Term Financing - Reallocated (G.O. Bonds)	101,493	0	9,000	0	0	0	110,493
Grants	3,467	2,150	0	0	0	0	5,617
Local Street Maintenance Fund (Rights of Way Fee's)	37,000	37,000	37,000	37,000	37,000	0	185,000
Private Contributions	0	0	0	0	0	0	0
Sales of Assets	5,000	0	0	0	0	0	5,000
<b>Total Funding</b>	<b>555,606</b>	<b>407,672</b>	<b>290,009</b>	<b>255,721</b>	<b>248,722</b>	<b>201,954</b>	<b>1,959,683</b>
<b>Uses</b>							
Office of the City Administrator	1,483	0	0	0	0	0	1,483
Office of Property Management	49,062	40,375	13,500	1,500	1,500	0	105,937
Office of the Chief Financial Officer	5,200	600	0	0	0	0	5,800
Office of Planning	4,000	1,500	1,500	1,000	1,000	0	9,000
Commission on Arts and Humanities	1,125	1,120	1,100	0	0	0	3,345
District of Columbia Office on Aging	3,675	576	0	0	0	0	4,251
Office of the Corporation Counsel	3,467	2,150	0	0	0	0	5,617
D.C. Public Library	996	996	996	997	997	997	5,978
Department of Consumer and Regulatory Affairs	754	0	0	0	0	0	754
Department of Housing and Community Developm	1,600	0	0	0	0	0	1,600
Office of the Deputy Mayor for Planning and Econo	14,000	2,500	2,500	0	0	0	19,000
Metropolitan Police Department	18,660	19,450	15,450	5,200	5,200	0	63,960
Fire and Emergency Medical Services Department	20,588	22,383	4,700	4,200	4,200	0	56,071
Department of Corrections	5,000	4,300	1,690	0	0	0	10,990
Office of Administrative Hearings	124	0	0	0	0	0	124
Office of the Chief Medical Examiner	2,905	800	0	0	0	0	3,705
D.C. Public Schools	173,409	147,123	98,299	98,300	98,300	98,832	714,263
University of the District of Columbia	1,300	2,700	700	0	0	0	4,700
Department of Parks and Recreation	17,213	26,379	13,095	12,975	12,975	12,975	95,612
Department of Health	6,294	8,810	7,000	0	0	0	22,104
Department of Human Services	6,416	1,051	329	349	0	0	8,145
Department of Transportation	61,750	37,000	46,000	37,000	37,000	0	218,750
Washington Metropolitan Area Transit Authority	42,800	60,600	77,000	87,700	83,800	84,400	436,300
Department of Public Works	12,600	0	0	0	0	0	12,600
Department of Motor Vehicles	3,750	0	0	0	0	0	3,750
Department of Mental Health	10,900	500	150	0	0	0	11,550
Office of the Chief Technology Officer	86,534	26,760	6,000	6,500	3,750	4,750	134,294
<b>Total Expenditures</b>	<b>555,606</b>	<b>407,672</b>	<b>290,009</b>	<b>255,721</b>	<b>248,722</b>	<b>201,954</b>	<b>1,959,683</b>
<b>Ending Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table CA - 3  
FY 2005 Appropriated Budget Authority Request

(in thousands)

				A	B	C	D	E = (A+B+C+D)
AG	Project Code	Sub-Proj Code	Project Name	Local Funds	Local Street Maintenance (ROW Fees)	Highway Trust (Motor Fuel Tax)	Federal Grants	Total Authority
<b>Office of Property Management</b>								
AM0	GG6	25	Relace South, East & West Elevators at 300 Indiana Ave., N.W.	2,500	0	0	0	2,500
AM0	GJ11	01	Abestos Abatement @ Various District Building	250	0	0	0	250
AM0	GT6	11	Renovation of Existing Restroomms for 300 Indiana Aveune	1,068	0	0	0	1,068
AM0	CA1	37	Renovation Records Center	22,000	0	0	0	22,000
AM0	CA2	38	Archives Project	30,000	0	0	0	30,000
AM0	N14	38	Headquarter for DHS□Minnesota Benning Campus	12,433	0	0	0	12,433
AM0	N14	08	DOES Head Quarters□Minnesota Avenue & Benning Road Metro	3,567	0	0	0	3,567
AM0	N14	12	Anacostia Gateway (ddot)	1,000	0	0	0	1,000
AM0	AB2	37	Complete Renovation & Modernization	(750)	0	0	0	(750)
AM0	GA2	22	Electrical Upgrade	(270)	0	0	0	(270)
AM0	GB1	06	Roof Replacements @ Juvenile Court Bldg	(482)	0	0	0	(482)
AM0	GF1	03	Reeves Municipal Center	(1,002)	0	0	0	(1,002)
AM0	GF2	19	Fire Suppression	(460)	0	0	0	(460)
AM0	GH1	01	Architectural Barrier Removal @ Var Dist	(703)	0	0	0	(703)
AM0	GH1	03	Architectural Barrier Removal @ Municipa	(399)	0	0	0	(399)
AM0	GJ1	02	Abestos Abatement @ Var District Bldgs	(354)	0	0	0	(354)
AM0	GJ1	03	Abestos Abatement @ Recorder Of Deeds	(303)	0	0	0	(303)
AM0	GT1	01	General Improvments @ Bldg "E" W Va Ave	(265)	0	0	0	(265)
AM0	GT1	02	General Imprvm @ Reeves Municipal Center	(410)	0	0	0	(410)
AM0	GT1	09	General Imprv @ Lamond Recreation	(433)	0	0	0	(433)
AM0	GT1	10	General Imprv @ Riggss-Lasalle Recreation	(433)	0	0	0	(433)
AM0	N14	01	Government Centers	(5,530)	0	0	0	(5,530)
AM0	N14	05	Restacking One Judiciary Square	(350)	0	0	0	(350)
AM0	N14	05	Improvements Property Management Sys (Its)	(456)	0	0	0	(456)
AM0	N14	08	New Depart Of Does And Dhs Facilities	(9,433)	0	0	0	(9,433)
AM0	N14	10	Electronic Security Standard And Int	(84)	0	0	0	(84)
AM0	NE7	03	Energy Consevation Var District Building	(393)	0	0	0	(393)
AM0	NE7	04	Energy Conversation Var District Buildin	(393)	0	0	0	(393)
<b>AM0 Total</b>				<b>49,915</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>49,915</b>
<b>Office of the Chief Financial Officer</b>								
AT0	AT2	29	Union Square	(6,660)	0	0	0	(6,660)
AT0	BF2	12	EIS Financial Application	900	0	0	0	900
AT0	BF2	04	Capps	(120)	0	0	0	(120)
AT0	BF2	05	Fms Rep	(292)	0	0	0	(292)
AT0	BF2	11	Eis	(100)	0	0	0	(100)
AT0	CSP	05	Data Warehouse/Clean Hands	(1,900)	0	0	0	(1,900)
<b>AT0 Total</b>				<b>(8,172)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8,172)</b>
<b>Office of Planning</b>								
BD0	PLN	33	Public Planning Funds	6,500	0	0	0	6,500
<b>BD0 Total</b>				<b>6,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,500</b>
<b>Commission on the Arts and Humanities</b>								
BX0	AH7	16	Neighborhood projects	400	0	0	0	400
BX0	AH7	18	Downtown Initiatives	300	0	0	0	300
BX0	AH7	17	Community Initiatives	525	0	0	0	525
BX0	AH7	15	Public Art Fund	(124)	0	0	0	(124)
<b>BX0 Total</b>				<b>1,101</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,101</b>
<b>Office on Aging</b>								
BY0	A05	02	Wellness Center Ward 6	284	0	0	0	284
BY0	A05	03	Multipurpose Wellness Ctr Wrd 4	(300)	0	0	0	(300)
BY0	AA1	01	General Imprv Group Homes Ooa	(131)	0	0	0	(131)
<b>BY0 Total</b>				<b>(147)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(147)</b>
<b>Office of Corporation Counsel</b>								
CB0	EN1	40	Case Management - Corporation Counsel	(232)	0	0	0	(232)
CB0	EN2	40	Information Systems - Child Support	0	0	0	0	0
<b>CB0 Total</b>				<b>(232)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(232)</b>

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(in thousands)

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AG	Project Code	Sub-Proj Code	Project Name	Local Funds	Local Street Maintenance (ROW Fees)	Highway Trust (Motor Fuel Tax)	Federal Grants	Total Authority
<b><u>D.C. Public Library</u></b>								
CE0	LB3	01	General Improvements to Various Branches	5,979	0	0	0	5,979
CE0	FB5	38	Southeast Branch Library - Substantial Renovation	6,393	0	0	0	6,393
CE0	TEN	37	New Tenley Branch Library	830	0	0	0	830
CE0	ANL	01	Anacostia Library	(1,000)	0	0	0	(1,000)
CE0	FB5	38	Southeast Library Substantial Renovation	(182)	0	0	0	(182)
CE0	LA9	01	Asbestos Abatement @ Various Branch Libr	(3,430)	0	0	0	(3,430)
CE0	LB1	01	Roof Replacement, Various Branch Librari	(653)	0	0	0	(653)
<b>CE0 Total</b>				<b>7,937</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,937</b>
<b><u>Dept. of Housing and Community Development</u></b>								
DB0	40	39	Arthur Capper Street/Utility Infrastructure	1,000	0	0	0	1,000
DB0	40	34	Highland Addition Utility Infrastructure	1,600	0	0	0	1,600
DB0	033	64	Ft Lincoln Utility	(1,000)	0	0	0	(1,000)
DB0	040	01	Affordable Housing	(1,069)	0	0	0	(1,069)
DB0	040	03	Affordable Housing	(7,000)	0	0	0	(7,000)
<b>DB0 Total</b>				<b>(6,469)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,469)</b>
<b><u>Planning and Economic Development</u></b>								
EB0	EB3	01	Neighbourhood Revitalization (Vacant Property Revitalization)	8,000	0	0	0	8,000
EB0	JA1	02	Eastgate	5,000	0	0	0	5,000
EB0	EB2	02	Neigh. Revitalization-Columbia Heights	(2,700)	0	0	0	(2,700)
<b>EB0 Total</b>				<b>10,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,300</b>
<b><u>Metropolitan Police Department</u></b>								
FA0	KE1	38	New SOD Facility	18,000	0	0	0	18,000
FA0	KE2	37	Police HQ Renovations	2,500	0	0	0	2,500
FA0	KE3	39	Purchase of Mobile Crime Facility	2,300	0	0	0	2,300
FA0	PER	04	Synchronized Mapping Analysis (ESMP OCTO)	16,660	0	0	0	16,660
<b>FA0 Total</b>				<b>39,460</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>39,460</b>
<b><u>Fire and Emergency Medical Service Department</u></b>								
FB0	LF3	37	Fleet Maintenance	3,545	0	0	0	3,545
FB0	E20	38	Engine 20 Replacement	2,400	0	0	0	2,400
FB0	LE8	38	Class A Burn Building	1,371	0	0	0	1,371
FB0	LE3	37	Engine 5	2,419	0	0	0	2,419
FB0	LE5	37	Engine 14	2,973	0	0	0	2,973
FB0	LE7	37	Engine 27	2,133	0	0	0	2,133
FB0	LF2	39	Scheduled Capital Maintenance	1,750	0	0	0	1,750
<b>FB0 Total</b>				<b>16,591</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,591</b>
<b><u>Department of Corrections</u></b>								
<b>FL0</b>	MA5	15	Steam Supply Return	3,600	0	0	0	3,600
FL0	MA5	18	DC Jail Administrative Bldg Hot Water	1,200	0	0	0	1,200
FL0	MA5	05	Roof Replacement	2,000	0	0	0	2,000
<b>FL0 Total</b>				<b>6,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,800</b>
<b><u>Office of the Chief Medical Examiner</u></b>								
FX0 Total	AA5	17	Renovation of Medical Examiners Office	1,000	0	0	0	1,000
<b>FX0 Total</b>				<b>1,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,000</b>
<b><u>University of the District of Columbia</u></b>								
GF0	U08	10	Renovate Academic Laboratory	(5,820)	0	0	0	(5,820)
<b>GF0 Total</b>				<b>(5,820)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5,820)</b>
<b><u>D.C. Public Schools</u></b>								
GA0	GA0		DCPS Facility Maintenance/Modernization Program	369,585	0	0	0	369,585

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FY 2005 Appropriated Budget Authority Request

(in thousands)

				A	B	C	D	E = (A+B+C+D)
AG	Project Code	Sub-Proj Code	Project Name	Local Funds	Local Street Maintenance (ROW Fees)	Highway Trust (Motor Fuel Tax)	Federal Grants	Total Authority
<b>GA0 Total</b>				<b>369,585</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>369,585</b>
<b>Department of Parks and Recreation</b>								
HA0	RG0	01	GENERAL IMPROVEMENTS	10,200	0	0	0	10,200
HA0	RG0	03	PLAYGROUND EQUIPMENT	5,300	0	0	0	5,300
HA0	RG0	04	HVAC REPLACEMENT	5,480	0	0	0	5,480
HA0	RG0	05	ROOF REPLACEMENT	4,070	0	0	0	4,070
HA0	RR0	15	PARK LIGHTING	4,200	0	0	0	4,200
HA0	QD5	38	WOODROW WILSON RECREATION CENTER	8,000	0	0	0	8,000
HA0	QD1	37	CAMP RIVERVIEW RENOVATIONS	1,930	0	0	0	1,930
HA0	RG0	06	POOL RENOVATIONS	7,750	0	0	0	7,750
HA0	RG0	07	EROSION REMEDIATION	1,950	0	0	0	1,950
HA0	RG0	10	INFRASTRUCTURE REPLACEMENT	1,250	0	0	0	1,250
HA0	RG0	11	WATER FOUNTAIN REPLACEMENT	1,558	0	0	0	1,558
HA0	RR0	07	BALL FIELD RENOVATIONS	5,500	0	0	0	5,500
HA0	RR0	06	PLAYCOURT RENOVATIONS	2,214	0	0	0	2,214
HA0	QA3	38	Riggs Lasalle	(600)	0	0	0	(600)
HA0	RE0	13	Lafayette Rec Cntr	(500)	0	0	0	(500)
HA0	RG0	06	Pool Replacement	(1,250)	0	0	0	(1,250)
HA0	RG0	10	Infrastructure Improvement	(250)	0	0	0	(250)
HA0	RN0	01	New Recreation Facilities	(2,931)	0	0	0	(2,931)
HA0	RR0	23	Girard Street (2809-15th St.)	(1,000)	0	0	0	(1,000)
<b>HA0 Total</b>				<b>52,871</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>52,871</b>
<b>Department of Health</b>								
HC0	HC1	02	DC Animal Shelter	(45)	0	0	0	(45)
HC0	HN7	08	Gen Renov Public Health Lab	(332)	0	0	0	(332)
HC0	HY5	04	Detox Renovations	(4,000)	0	0	0	(4,000)
HC0	R10	40	Health Alliance Database Integration	(5,000)	0	0	0	(5,000)
HC0	R15	40	Hipaa And Security It	(110)	0	0	0	(110)
HC0	R18	13	Asbestos Abatement	(3,000)	0	0	0	(3,000)
HC0	R19	19	Lighting	(1,200)	0	0	0	(1,200)
HC0	R23	40	Laboratory Re-Engineering It	(3,000)	0	0	0	(3,000)
HC0	R31	01	Elevator Renovations	(400)	0	0	0	(400)
HC0	RA3	40	Occupational & Professional Licence Sys	(1,200)	0	0	0	(1,200)
HC0	RA8	40	Apra Patient Records System	(100)	0	0	0	(100)
<b>HC0 Total</b>				<b>(18,387)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(18,387)</b>
<b>Department of Human Services</b>								
JA0	SB6	16	CCNV Cooling	960	0	0	0	960
JA0	SB6	22	CCNV Electrical	246	0	0	0	246
JA0	SB6	17	Plumbing Fixtures□Homeless Shelters	271	0	0	0	271
JA0	SB6	06	CCNV Interior Egress Doors	84	0	0	0	84
JA0	SB6	25	CCNV Elevator Repair	600	0	0	0	600
JA0	SB6	34	CCNV Site repair and Improvement	180	0	0	0	180
JA0	H96	02	General Renovation @ Bundy School	(150)	0	0	0	(150)
JA0	H96	22	Bundy School Upgrade Electrical System	(1,500)	0	0	0	(1,500)
JA0	HZ1	06	Youth Services Administration	(206)	0	0	0	(206)
JA0	HZ1	07		(128)	0	0	0	(128)
JA0	SB1	40	Children's Tracking System	(360)	0	0	0	(360)
JA0	SB3	10	Life Safety Code	(500)	0	0	0	(500)
JA0	SH4	15	2146 Georgia Avenue	(650)	0	0	0	(650)
JA0	SG1	27	ACEDS	4,780	0	0	0	4,780
<b>JA0 Total</b>				<b>3,627</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,627</b>
<b>Department of Transportation</b>								
KA0	ADL	07	FY98 St Light Series Circuit Conversion	(375)	0	0	0	(375)
KA0	AR2	03	Union Station Park Gargage	(228)	0	0	0	(228)
KA0	CAL	05	FY98 2nd Citywide Alley Resurfacing	(367)	0	0	0	(367)
KA0	CAL	07	FY98 2nd Sidewalk/Alley Replacement	(267)	0	0	0	(267)
KA0	CAL	08	Local Street Improvements	(67)	0	0	0	(67)
KA0	CAL	14	Streetscape Wisc Ave/M St, Nw	(2,060)	0	0	0	(2,060)
KA0	CEL	14	Roadway Resurfacing	(621)	0	0	0	(621)

Table CA - 3  
FY 2005 Appropriated Budget Authority Request

(in thousands)

				A	B	C	D	E = (A+B+C+D)
AG	Project Code	Sub-Proj Code	Project Name	Local Street Maintenance (ROW Fees)				
				Local Funds	Highway Trust (Motor Fuel Tax)	Federal Grants	Total Authority	
KA0	CEL	17	Fy 2000 Pothole Repair	(224)	0	0	0	(224)
KA0	CHL	05	FY98 Roadway Upgrading Wasa Funds	(144)	0	0	0	(144)
KA0	CHL	13	Roadway Upgrading	(226)	0	0	0	(226)
KA0	CHL	14	Roadway Upgrading	(284)	0	0	0	(284)
KA0	CKL	08	Roadway Reconstruction	(323)	0	0	0	(323)
KA0	CKL	R2	RDWY Reconstr Foxhall Rd Retaining Wall	(1,255)	0	0	0	(1,255)
KA0	ED2	01	FY02 Economic Development Initiatives	(89)	0	0	0	(89)
KA0	AD3	03	FY 2003 Transportatopm Electrical Improvement	0	500	0	0	500
KA0	AD3	01	FY 2003 Transportatopm Electrical Improvement	0	0	0	0	0
KA0	AD3	02	FY 2003 Transportatopm Electrical Improvement	0	750	0	0	750
KA0	AD3	04	FY 2003 Transportatopm Electrical Improvement	0	4,200	0	0	4,200
KA0	CA3	05	FY 2004 Local Street Improvement	0	300	0	0	300
KA0	CA3	01	FY 2004 Local Street Improvement	0	500	0	0	500
KA0	CA3	03	FY 2004 Local Street Improvement	0	820	0	0	820
KA0	CA3	04	FY 2004 Local Street Improvement	0	1,050	0	0	1,050
KA0	CA3	02	FY 2004 Local Street Improvement	0	1,000	0	0	1,000
KA0	CE3	03	FY 2003 Roadway Improvements	0	500	0	0	500
KA0	CE3	04	FY 2003 Roadway Improvements	0	2,000	0	0	2,000
KA0	CE3	01	FY 2003 Roadway Improvements	0	1,000	0	0	1,000
KA0	CE3	02	FY 2003 Roadway Improvements	0	5,000	0	0	5,000
KA0	CG3	07	FY 2003 Local Roadside Improvements	0	65	0	0	65
KA0	CG3	08	FY 2003 Local Roadside Improvements	0	480	0	0	480
KA0	CG3	09	FY 2003 Local Roadside Improvements	0	480	0	0	480
KA0	CG3	10	FY 2003 Local Roadside Improvements	0	675	0	0	675
KA0	CG3	01	FY 2003 Local Roadside Improvements	0	845	0	0	845
KA0	CG3	02	FY 2003 Local Roadside Improvements	0	845	0	0	845
KA0	CG3	03	FY 2003 Local Roadside Improvements	0	845	0	0	845
KA0	CG3	04	FY 2003 Local Roadside Improvements	0	845	0	0	845
KA0	CG3	05	FY 2003 Local Roadside Improvements	0	960	0	0	960
KA0	CG3	06	FY 2003 Local Roadside Improvements	0	960	0	0	960
KA0	CK3	01	FY 03 Roadway Reconstrction	0	500	0	0	500
KA0	ED3	01	FY 2003 Local Economic Development	0	70	0	0	70
KA0	ED3	04	FY 2003 Local Economic Development	0	100	0	0	100
KA0	ED3	05	FY 2003 Local Economic Development	0	500	0	0	500
KA0	ED3	03	FY 2003 Local Economic Development	0	700	0	0	700
KA0	ED3	02	FY 2003 Local Economic Development	0	510	0	0	510
KA0	SR3	02	FY 2003 Local Street Rehabilitation program	0	1,250	0	0	1,250
KA0	SR3	01	FY 2003 Local Street Rehabilitation program	0	1,250	0	0	1,250
KA0	SR3	03	FY 2003 Local Street Rehabilitation program	0	1,250	0	0	1,250
KA0	SR3	04	FY 2003 Local Street Rehabilitation program	0	1,250	0	0	1,250
KA0	SR3	05	FY 2003 Local Street Rehabilitation program	0	1,250	0	0	1,250
KA0	SR3	06	FY 2003 Local Street Rehabilitation program	0	1,250	0	0	1,250
KA0	SR3	07	FY 2003 Local Street Rehabilitation program	0	1,250	0	0	1,250
KA0	SR3	08	FY 2003 Local Street Rehabilitation program	0	1,250	0	0	1,250
<b>KA0 Total</b>				<b>(6,530)</b>	<b>37,000</b>	<b>0</b>	<b>0</b>	<b>30,470</b>
<b>WMATA</b>								
KE0	SA2-02	02	Metrobus Rehab	61,300	0	0	0	61,300
KE0	SA3-01	01	Metrorail Rehab	61,700	0	0	0	61,700
KE0	SA2	02	Metro Bus	(9,318)	0	0	0	(9,318)
KE0	SA3	01	Metro Rail Rehabilitation	(27,782)	0	0	0	(27,782)
KE0	SA3	05	WMATA New Metro Rail Cars	(193,065)	0	0	0	(193,065)
<b>KE0 Total</b>				<b>(107,165)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(107,165)</b>
<b>Department of Public Work</b>								
KT0	FM1	02	Multi-Level Parking Garage & Rd Improv	(3,990)	0	0	0	(3,990)
KT0	FM1	04	Tire Repair Shop	(420)	0	0	0	(420)
KT0	G25	02	USGT Removal	(401)	0	0	0	(401)
KT0	GD1	01	Fleet Mgnt. Pool And Carwash	(252)	0	0	0	(252)
KT0	GD1	02	Fleet Mgnt Vehicle Inspection	(1,180)	0	0	0	(1,180)
KT0	SW3	01	SWMA Roof Rehabilitation @ 900 Nj Ave Se	(217)	0	0	0	(217)
KT0	WTF	02	Relocate Georgetown Salt Dome To Reno Rd	(28)	0	0	0	(28)
KT0	WTF	03	Salt Dome Renovations @ 401 Farragut St	(758)	0	0	0	(758)
<b>KT0 Total</b>				<b>(7,246)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(7,246)</b>
<b>Department of Motor Vehicles</b>								



Table CA - 3  
FY 2005 Appropriated Budget Authority Request

(in thousands)

				A	B	C	D	E = (A+B+C+D)
AG	Project Code	Sub-Proj Code	Project Name	Local Funds	Local Street Maintenance (ROW Fees)	Highway Trust (Motor Fuel Tax)	Federal Grants	Total Authority
KV0	WA7	40	Ticket Information Processing System (TIP) and Enforcement Hardware	7,200	0	0	0	7,200
KV0	WA5	40	IT Infrastructure System/Software 301 C St NW	(4,500)	0	0	0	(4,500)
<b>KV0 Total</b>				<b>2,700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,700</b>
<b>Department of Mental Health</b>								
RM0	HX4	03	Housing Initiatives	5,500	0	0	0	5,500
RM0	HY5	01	Purchase and Renovate Space for Reg. III	4,000	0	0	0	4,000
RM0	HX4	01	Construct New Hosp - Design	(54,932)	0	0	0	(54,932)
RM0	XA4	35	Demolition Of Dix And Jhp	(11,112)	0	0	0	(11,112)
RM0	XA5	37	Sch General Improvements	(10,859)		0	0	(10,859)
<b>RM0 Total</b>				<b>(67,403)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(67,403)</b>
<b>Office of the Chief Technology Officer</b>								
TO0	WA7	41	Motor Services Modernization Program	2,000	0	0	0	2,000
TO0	ZA1	45	Document Management Infrastructure (Consortium Project)	4,000	0	0	0	4,000
TO0	N16	02	GIS City-Wide Infrastructure	9,500	0	0	0	9,500
TO0	ZA1	43	GIS Agency Infrastructure	9,000	0	0	0	9,000
TO0	N17	09	E-Government	12,500	0	0	0	12,500
TO0	N16	16	Mpd Distributed Prisoner	(1,199)	0	0	0	(1,199)
TO0	N17	02	Dc Cable Net	(340)	0	0	0	(340)
TO0	N17	04	IT Infrastructure Implementation	(130)	0	0	0	(130)
TO0	N17	05	Information Infrastructure (Data)	(2,980)	0	0	0	(2,980)
TO0	N17	06	311 BPR	(5)	0	0	0	(5)
TO0	N17	10	Data Center Consolidation	(320)	0	0	0	(320)
TO0	N17	12	Seat Management	(1,500)	0	0	0	(1,500)
TO0	N17	13	Apex - Dmiv Destiny	(1,552)	0	0	0	(1,552)
TO0	N18	01	Share Facility Upgrade	(460)	0	0	0	(460)
TO0	ZA1	42	IT Case Workflow Management	(390)	0	0	0	(390)
TO0	ZA1	44	IT Data Mart Management	(380)	0	0	0	(380)
<b>TO0 Total</b>				<b>27,744</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27,744</b>
<b>Grand Total</b>				<b>368,560</b>	<b>37,000</b>	<b>0</b>	<b>0</b>	<b>405,560</b>

Table CA-4

**FY 2005 Financial Plan Debt Service Expenditure Estimates**

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
<b>Existing General Obligation (G.O.) Bonds Debt Service</b>	\$239,952,000	\$295,376,634	\$336,676,000	\$341,763,000	\$339,183,000	\$339,082,000
<b>Prospective G.O. Bonds Debt Service</b>						
- FY 2005 Bonds (\$400 M)	\$0	\$0	\$12,833,000	\$29,820,000	\$29,820,000	\$29,820,000
- FY 2006 Bonds (\$350 M)	\$0	\$0	\$0	\$12,250,000	\$27,379,000	\$27,379,000
- FY 2007 Bonds (\$250 M)	\$0	\$0	\$0	\$0	\$8,750,000	\$19,557,000
- FY 2008 Bonds (\$250 M)	\$0	\$0	\$0	\$0	\$0	\$8,750,000
<b>Total G.O. Bonds Debt Service (Agency DS0)*</b>	\$239,952,000	\$295,376,634	\$349,509,000	\$383,833,000	\$405,132,000	\$424,588,000
<b>Payments on Certificates of Participation (Agency CP0)**</b>	\$7,950,000	\$4,911,075	\$15,252,000	\$15,252,000	\$15,252,000	\$15,252,000
<b>Total Long-term Debt Service***</b>	\$247,902,000	\$300,287,709	\$364,761,000	\$399,085,000	\$420,384,000	\$439,840,000
<b>Interest on Short-term Borrowing (Agency ZA0)</b>		\$3,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
<b>Total Debt Service</b>		\$303,287,709	\$368,761,000	\$403,085,000	\$424,384,000	\$443,840,000

\* Does not include debt service on G.O. bonds issued to finance water & sewer-related projects, which is paid by the DC Water & Sewer Authority (WASA).

\*\* Includes debt service on the One Judiciary Square and Unified Communications Center (UCC)/DC Net Certificates of Participation financings. Each year's figure for CP0 includes \$1.5 million for property taxes on these 2 properties payable by the District (as Lessee) to the Trustee (as Owner and Lessor), and by the Trustee to the District (as taxing jurisdiction). In effect, the District is paying itself, so there will be tax revenue to offset this \$1.5 million of this expenditure line item. In addition, in FY05 and FY06, \$4 million of the total will be funded via Intra-District funding for the UCC/DC-Net debt service (and \$2 million in FY07).

\*\*\* Does not include debt service on Master Equipment Lease/Purchase Program financings, which appears in the respective operating budgets of the various participating agencies and the Equipment Lease - operating budget beginning in FY 2005.

Table CA-5

**Outstanding GO Bonds Debt Service**

<b>Fiscal Year</b>	<b>Date</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Fiscal Year Debt Service</b>
	12/1/2003		73,339,113	73,339,113	
<b>FY Ending 9/30/04</b>	6/1/2004	144,870,000	80,108,663	224,978,663	298,317,776
	12/1/2004	14,800,000	80,059,183	94,859,183	
<b>FY Ending 9/30/05</b>	6/1/2005	158,305,000	79,670,683	237,975,683	332,834,866
	12/1/2005	15,635,000	78,567,446	94,202,446	
<b>FY Ending 9/30/06</b>	6/1/2006	165,980,000	78,117,940	244,097,940	338,300,386
	12/1/2006	-	73,552,069	73,552,069	
<b>FY Ending 9/30/07</b>	6/1/2007	188,670,000	73,552,069	262,222,069	335,774,139
	12/1/2007	-	68,467,867	68,467,867	
<b>FY Ending 9/30/08</b>	6/1/2008	198,795,000	68,467,867	267,262,867	335,730,734
	12/1/2008	-	63,209,644	63,209,644	
<b>FY Ending 9/30/09</b>	6/1/2009	208,785,000	63,209,644	271,994,644	335,204,288
	12/1/2009	-	57,564,238	57,564,238	
<b>FY Ending 9/30/10</b>	6/1/2010	220,455,000	57,564,238	278,019,238	335,583,477
	12/1/2010	-	51,601,217	51,601,217	
<b>FY Ending 9/30/11</b>	6/1/2011	173,700,000	51,601,217	225,301,217	276,902,434
	12/1/2011	-	46,886,349	46,886,349	
<b>FY Ending 9/30/12</b>	6/1/2012	156,088,004	66,608,345	222,696,349	269,582,697
	12/1/2012	-	43,130,623	43,130,623	
<b>FY Ending 9/30/13</b>	6/1/2013	155,324,885	65,150,738	220,475,623	263,606,246
	12/1/2013	-	39,441,387	39,441,387	
<b>FY Ending 9/30/14</b>	6/1/2014	151,094,845	54,921,541	206,016,387	245,457,773
	12/1/2014	-	35,807,438	35,807,438	
<b>FY Ending 9/30/15</b>	6/1/2015	98,665,000	35,807,438	134,472,438	170,279,876
	12/1/2015	-	33,503,182	33,503,182	
<b>FY Ending 9/30/16</b>	6/1/2016	92,285,000	33,503,182	125,788,182	159,291,363
	12/1/2016	-	31,321,104	31,321,104	
<b>FY Ending 9/30/17</b>	6/1/2017	96,840,000	31,321,104	128,161,104	159,482,207
	12/1/2017	-	29,028,537	29,028,537	
<b>FY Ending 9/30/18</b>	6/1/2018	101,795,000	29,028,537	130,823,537	159,852,074
	12/1/2018	-	26,696,483	26,696,483	
<b>FY Ending 9/30/19</b>	6/1/2019	106,915,000	26,696,483	133,611,483	160,307,967
	12/1/2019	-	24,278,940	24,278,940	
<b>FY Ending 9/30/20</b>	6/1/2020	110,470,000	24,278,940	134,748,940	159,027,879
	12/1/2020	-	21,776,344	21,776,344	
<b>FY Ending 9/30/21</b>	6/1/2021	115,490,000	21,776,344	137,266,344	159,042,689
	12/1/2021	-	19,198,461	19,198,461	
<b>FY Ending 9/30/22</b>	6/1/2022	121,165,000	19,198,461	140,363,461	159,561,921

Table CA-5

**Outstanding GO Bonds Debt Service**

	12/1/2022	-	16,567,003	16,567,003	
<b>FY Ending 9/30/23</b>	6/1/2023	126,825,000	16,567,003	143,392,003	159,959,007
	12/1/2023	-	13,832,830	13,832,830	
<b>FY Ending 9/30/24</b>	6/1/2024	132,425,000	13,832,830	146,257,830	160,090,660
	12/1/2024	-	10,977,463	10,977,463	
<b>FY Ending 9/30/25</b>	6/1/2025	138,595,000	10,977,463	149,572,463	160,549,925
	12/1/2025	-	8,012,800	8,012,800	
<b>FY Ending 9/30/26</b>	6/1/2026	144,920,000	8,012,800	152,932,800	160,945,600
	12/1/2026	-	4,910,130	4,910,130	
<b>FY Ending 9/30/27</b>	6/1/2027	111,450,000	4,910,130	116,360,130	121,270,260
	12/1/2027	-	2,528,414	2,528,414	
<b>FY Ending 9/30/28</b>	6/1/2028	69,590,000	2,528,414	72,118,414	74,646,828
	12/1/2028	-	931,855	931,855	
<b>FY Ending 9/30/29</b>	6/1/2029	26,740,000	931,855	27,671,855	28,603,710
	12/1/2029	-	327,318	327,318	
<b>FY Ending 9/30/30</b>	6/1/2030	13,065,000	327,318	13,392,318	13,719,637
	12/1/2030	-	73,516	73,516	
<b>FY Ending 9/30/31</b>	6/1/2031	4,065,000	73,516	4,138,516	4,212,031

## History

The District's legal authority to initiate capital improvements began in 1790 when Congress enacted a law establishing the District of Columbia as the permanent seat of the federal government and authorized the design of the District and appropriate local facilities. The initial roads, bridges, sewers and water systems in the District of Columbia were installed to serve the needs of the federal government and were designed, paid for, and built by Congress. During the 1800s, the population and private economy of the federal District expanded sharply, and the local territorial government undertook a vigorous campaign to meet new demands for basic transportation, water, and sewer systems.

From 1874 to 1968, commissioners appointed by the President and confirmed by Congress managed the District. One commissioner, from the Corps of Engineers, was responsible for coordinating the maintenance and construction of all local public works, in accordance with annual budgets approved by the President and the Congress.

Legislation passed in the 1950s gave the District broader powers to incur debt and borrow from the United States Treasury. However, this authority was principally used for bridges, freeways, and water and sewer improvements. In 1967, the need for significant improvements in District public facilities was acknowledged. This awareness led to the adoption of a \$1.5 billion capital improvement program to build new schools, libraries, recreation facilities, and police and fire stations.

A 1984 amendment to the Home Rule Act gave the District the authority to sell general obligation bonds to finance improvements to its physical infrastructure. The District has more than \$3.5 billion of general obligation bonds outstanding, which were issued to finance capital infrastructure improvements.

In September 1997, the President signed the National Capital Revitalization Act (the "Revitalization Act"). The act relieved the District of its operations at Lorton Correctional Facility. It also transferred responsibility for funding the maintenance and operation of the D.C. Courts system to the Office of Management and Budget (OMB). The District will therefore not incur the significant capital expenditures required at these facilities. In return, the District will no longer receive a federal payment in lieu of taxes for these functions.

In addition, the Revitalization Act raised the allowable percent of annual debt service payable from 14 percent to 17 percent of anticipated revenues to compensate the District for the loss of the Federal payment and

broadened the District's debt financing authority. The primary impact of this aspect of the Revitalization Act was to increase the District's flexibility to finance capital requirements.

## Legal Authority and Statutory Basis

There are two statutory requirements that form the legal authority and assign responsibility for the District's Capital Program. They are as follows:

- District of Columbia Home Rule Act, P.L. 93-198, §444, 87 Stat. 800: The Mayor is directed to prepare a multi-year Capital Improvements Plan (CIP) for the District. This plan shall be based upon the approved current fiscal year budget. It shall include the status, estimated period of usefulness, and total cost of each capital project on a full funding basis for which any appropriation is requested or any expenditure will be made in the forthcoming fiscal year and at least four fiscal years thereafter.
- District of Columbia Appropriations Act, 2004, P.L. 107- 096, §108. (Approval December 21, 2001) Requires the Mayor to develop an annual plan by project, for capital outlay borrowings.

Along with these statutory requirements, the following Mayor's Order supplements the legal authority and assigns additional responsibility for the District's Capital Program:

Mayor's Order 84-87: Creates within the Office of Budget and Planning a Capital Program coordinating office to provide central oversight, direction, and coordination of the District's capital improvements program, planning, budgeting, and monitoring. The administrative order requires the Office of Budget and Planning to develop a CIP which identifies the current fiscal year budget and includes status, estimated period of usefulness, and total cost of each capital project on a fully funded basis for which any appropriation is requested or any expenditure will be made over the next six years. The CIP includes:

- An analysis of the CIP, including its relationship to other programs, proposals, or other governmental initiatives.
- An analysis of each capital project, and an explanation of a project's total cost variance of greater than five percent.
- Identification of the years and amounts in which bonds would have to be issued, loans made, and costs actually incurred on each capital project. Projects are identified by applicable maps, graphics, or other media.

## Why A Capital Improvements Program?

A Capital Program that coordinates planning, financing and infrastructure and facilities improvements is essential to meet the needs of a jurisdiction uniquely situated as the Nation's Capital. As mentioned previously, capital improvements are those that, because of expected long-term useful lives and high costs, require large amounts of capital funding. These funds are spent over a multi-year period and result in a fixed asset.

The primary funding source for capital projects is tax-exempt bonds. These bonds are issued as general obligations of the District. Debt service on these bonds (the repayment of principal and the payment of interest over the lifetime of the bonds) becomes expenditures in the annual Operating Budget.

The Home Rule Act sets certain limits on the total amount of debt that can be incurred. Maximum annual debt service cannot exceed 17 percent of general fund revenues, in order to maintain fiscal stability and good credit ratings. As a result, it is critical that the CIP balance funding and expenditures over the six-year period to minimize the fiscal impact on the annual Operating Budget.

## Principles of the Capital Program

Several budgetary and programmatic principles are invested in the CIP. These are:

- To build facilities supporting the District stakeholders' objectives.
- To support the physical development objectives incorporated in approved plans, especially the Comprehensive Plan.
- To assure the availability of public improvements.
- To provide site opportunities to accommodate and attract private development consistent with approved development objectives.
- To improve financial planning by comparing needs with resources, estimating future bond issues plus debt service and other current revenue needs, thus identifying future operating budget and tax rate implications.
- To establish priorities among projects so that limited resources are used to the best advantage.
- To identify, as accurately as possible, the impact of public facility decisions on future operating budgets, in terms of energy use, maintenance costs, and staffing requirements among others.
- To provide a concise, central source of information on all planned rehabilitation of public facilities for citizens, agencies, and other stakeholders in the District.

- To provide a basis for effective public participation in decisions related to public facilities and other physical improvements.

It is the responsibility of the Capital Program to ensure that these principles are followed.

## Program Policies

The overall goal of the Capital Program is to preserve the District's capital infrastructure. Pursuant to this goal, projects included in the FY 2005 to FY 2010 CIP and FY 2005 Capital Budget support the following programmatic policies:

- Provide for the health, safety and welfare needs of District residents.
- Provide and continually improve public educational facilities for District residents.
- Provide adequate improvement of public facilities.
- Continually improve the District's public transportation system.
- Support District economic and revitalization efforts generally and in targeted neighborhoods.
- Provide infrastructure and other public improvements that retain and expand business and industry.
- Increase employment opportunities for District residents.
- Promote mutual regional cooperation on area-wide issues, such as the Washington Area Metropolitan Transit Authority, Water and Sewer Authority, and solid-waste removal.
- Provide and continually improve public housing and shelters for the homeless.

## Fiscal Policy

### Policy on Project Eligibility for Inclusion in the Capital Improvements Plan (CIP)

Capital expenditures included as projects in the CIP must:

- Be carefully planned, generally as part of the District-wide Facility Condition Assessment Study in concert with the Comprehensive Plan. This planning provides decision-makers with the ability to evaluate projects based on a full disclosure of information.
- Have a useful life of at least three years or add to the physical infrastructure and capital fixed assets.
- Enhance the productivity or efficiency capacity of District services.
- Have a defined beginning and a defined ending.
- Be related to current or potential projects. For example, facility planning or major studies should be funded with current revenues.

### **Policy on Debt Financing**

With a few exceptions (Highway Trust Fund projects), the CIP is primarily funded with general obligation bonds or equipment lease/purchase obligations. Capital Improvement projects usually have a long useful life and will serve taxpayers in the future as well as those paying taxes currently. It would be an unreasonable burden on current taxpayers to pay for the entire project upfront. General obligation bonds, retired over a 20 to 30-year period, allow the cost of capital projects to be shared by current and future taxpayers, which is reasonable and fair. Capital improvement projects eligible for debt financing must:

- Have a combined average useful life at least as long as average life of the debt with which they are financed.
- Not be able to be funded entirely from other potential revenue sources, such as Federal aid or private contributions.

### **Policy on Capital Debt Issuance**

In formalizing a financing strategy for the District's Capital Improvements Plan, the District adheres to the following guidelines in deciding how much additional debt, both general obligation and revenue bonds, may be issued during the six-year CIP planning period:

- **STATUTORY REQUIREMENTS:** The issuance of general obligation indebtedness cannot cause maximum annual debt service to exceed 17 percent of general fund revenues as stipulated in the Home Rule Act.
- **AFFORDABILITY:** The level of annual operating budget resources utilized to pay debt service should not impair the District's ability to fund ongoing operating expenditures and maintain operating liquidity.
- **FINANCING SOURCES:** Evaluating varying financing sources and structures to maximize capital project financing capacity at the lowest cost available, while maintaining future financing flexibility.
- **CREDIT RATINGS:** Issuance of additional debt should not negatively impact the District's ability to maintain and strengthen current credit ratings, which involves the evaluation of the impact of additional debt on the District's debt burden. This includes having certain criteria and ceilings regarding the issuance of new debt and debt ratios such as debt per capita and debt service to general fund expenditures.

### **Policy on Terms for Long-Term Borrowing**

To mitigate the interest costs associated with borrowing, the District seeks to identify sources other than bond proceeds to fund its CIP, such as grants, Highway Trust Fund money, and Paygo capital. Furthermore, the District issues its bonds annually based on anticipated spending for the fiscal year, not on a project-by-project basis. The District has issued only general obligation bonds to finance its CIP in the past, but will continue to analyze the potential benefits associated with the issuance of revenue bonds for general capital purposes in the future. The pledge of a specific revenue source for the issuance of revenue bonds must not have a negative impact on the District's general fund or general obligation bond ratings, and must provide favorable interest rates.

To match the debt obligations with the useful life of the projects being financed, the District issues short to intermediate-term financing for those projects that may not fit the criteria for long term financing. The District amortizes bonds over a 25 to 30-year period for those projects with an average 30-year useful life.

Bonds may be issued by independent agencies or instrumentalities of the District as authorized by law. Payment of the debt service on these bonds is solely from the revenue of the independent entity or the project being financed.

### **Policy on Terms for Short-Term (Interim) Borrowings**

The District may issue other forms of debt as appropriate and authorized by law, such as bond anticipation notes (BANs) and commercial paper. The use of BANs or commercial paper provides a means of interim financing for capital projects in anticipation of a future bond offering or other revenue takeout. Furthermore, use of these types of interim financing tools would allow the District to benefit from lower interest costs by including short-term financing of capital expenditures in the initial financing structure. The use of BANs and/or commercial paper is intended at such times that it is financially feasible.

### **Policy on the use of the Master Equipment Lease/Purchase Program**

The purpose of the Master Equipment Lease/ Purchase Program (the "program") is to provide District agencies with access to low-cost tax-exempt financing for equipment purchases, as an alternative to outright purchases, which would have a higher cost in the current year's budget, or other more expensive leasing or financing arrange-

ments. Furthermore, the program assists the District in its asset/liability management by matching the useful life of the asset being financed with the amortization of the liability.

The program terms and conditions are established under an umbrella contract. Since the terms and conditions are established upfront, there is no need to negotiate a new lease contract each time equipment is to be financed, as long as the master lease agreement is in effect.

For equipment to be eligible, it must have a useful life of at least five years. The repayment (amortization) will not exceed the useful life of the equipment being financed. The maximum financing term that may be requested is 10 years.

Rolling stock such as automobiles, trucks, and public safety vehicles are eligible, as are computer hardware and software, with certain limitations.

### **Policy on the Use of Paygo Financing**

"Pay-as-you-go" (Paygo) financing is obtained from current revenues authorized by the annual Operating Budget and approved by the Council and the Congress in a public law to pay for certain projects. No debt is incurred with this financing mechanism. Once the public law becomes effective, the operating funds are transferred to the capital account and allocated to the appropriate project. Generally, Paygo financing supports the costs for minor repairs, equipment purchases, or other items that do not qualify for long-term general obligation bond financing. The Mayor has the following policies on the use of Paygo financing:

- Paygo must be used for any CIP project not eligible for debt financing by virtue of its limited useful life.
- Paygo should be used for CIP projects consisting of short-lived equipment replacement (not eligible for the Master Equipment Lease Purchase Program), and for limited renovations of facilities.
- Paygo may be used when the requirements for capital expenditures press the limits of bonding capacity.

### **Congressional Appropriations**

Notwithstanding any other provisions in the law, the Mayor of the District of Columbia is bound by the following sections of the D.C. Appropriations Act, 2000 included in P.L. 105-277 of the Omnibus Consolidated and Emergency Supplemental Appropriations for Fiscal Year 2000. These sections were mandated by the 105th Congress to be enacted for the fiscal year beginning

October 1, 2000.

- 113 - At the start of the fiscal year, the Mayor shall develop an annual plan, by quarter and by project, for capital outlay borrowings: Provided, that within a reasonable time after the close of each quarter, the Mayor shall report to the Council of the District of Columbia and to the Congress the actual borrowings and spending progress compared with projections.
- 114 - The Mayor shall not borrow any funds for capital projects unless the Mayor has obtained prior approval from the Council of the District of Columbia, by resolution, identifying the projects and amounts to be financed with such borrowings.
- 115 - The Mayor shall not expend any monies borrowed for capital projects for the operating expenses of the District of Columbia government.

### **Trends Affecting Fiscal Planning**

Several different kinds of trends and economic indicators are reviewed, projected, and analyzed each year for their impact on the Operating Budget and for their impact on fiscal policy as applied to the Capital Improvements Plan. These trends and indicators include:

- INFLATION: Important as an indicator of future project costs or the costs of delaying capital expenditures.
- POPULATION GROWTH/DECLINE: Provides the main indicator of the size or scale of required future facilities and services, as well as the timing of population-driven project requirements.
- DEMOGRAPHIC CHANGES: Changes in the number and/or locations within the District of specific age groups or other special groups, which provides an indication of requirements and costs of specific public facilities (i.e., senior wellness and recreation centers).
- PERSONAL INCOME: The principal basis for projecting income tax revenues as one of the District's major revenue sources.
- IMPLEMENTATION RATES: Measured through the actual expenditures within programmed and authorized levels. Implementation rates are important in establishing actual annual cash requirements to fund projects in the CIP. As a result, implementation rates are a primary determinant of required annual bond issuance.



## Spending Affordability

One of the most important factors in the CIP development process is determining spending affordability. Spending affordability is determined by the amount of debt service and Paygo capital funds that can be reasonably afforded by the Operating Budget, given the District's revenue levels, operating/service needs, and capital/infrastructure needs. The size and financial health of the capital program is therefore somewhat constrained by the ability of the Operating Budget to absorb increased debt service amounts and/or operating requirements for capital expenditures. Realizing that maintenance and improvement in the District's infrastructure is important to the overall health and revitalization of the District, policymakers have worked diligently over the past several years to increase the levels of capital funding and expenditures. Debt and debt service reduction efforts on the part of District policymakers and financial leadership have served to increase the affordability of such additional capital spending. There is the on-going need, however, to balance the infrastructure needs with spending affordability constraints.

## Financial Management Targets

The District has established certain financial management targets that are consistent with maintaining a healthy debt management program to finance its capital needs. Key targets include the following:

- 1) Reduction or containment of increase of outstanding debt and debt service.
- 2) Debt ratios comparable with industry standards.
- 3) Achieving further increases in bond ratings from all three major rating agencies (to the "AA" level).

## Master Facilities and Program Coordination Plan

The fiscal realities that continue to face the District of Columbia require a new level of scrutiny of all government costs. The capital budget, a critical area of the annual budget, is now in need of intensive review and further rationalization. Prompting this deeper analysis and decision-making is the reality that the borrowing capacity for capital projects has become severely constrained. To ensure continued good standing on Wall Street, the District must limit its FY 2005 capital borrowing to approximately \$400 million. With this amount of funding, the District must not only cover its baseline capital costs (maintenance of existing facilities), it must provide funding for whatever new construction of schools, libraries, wellness centers, transportation sys-

tems, and other facilities.

Making tough decisions on what facilities to fund also requires a deeper understanding of the opportunities to coordinate and possibly merge community services, such as recreation, library, job training, motor vehicle and more. Strategically planning for programmatic ventures will be a critical factor in driving what facilities are truly needed and where.

For these reasons the District developed a Master Facilities and Program Coordination Plan, that provides an updated facility inventory and conditions assessment, and reflect detailed analysis on community and program needs. With this information, future capital fund allocations will be more effectively targeted to meet community and governmental priorities with the most efficient use of resources. This planning effort requires intensive data collection, analysis and strategic planning on both public facility and programmatic components. This initial work, therefore, incorporates establishing interim protocols for making informed decisions during the larger planning effort. The three primary challenges that must be addressed as part of this undertaking are:

***Data limitations:*** Although the District currently maintains a facility inventory for approximately 2,400 properties under its control, the database still lacks specific details and updated information on the condition and needs of each facility. Understanding these details is now even more critical as it will determine the baseline capital costs (which consist of the asset and the basis of its value as well as the maintenance and renovation of the current inventory of property).

This plan will begin with a preliminary assessment of the existing facility inventory, identification of agencies' current facility plans, understanding the capacity of agencies to plan for future needs, and evaluation of all these items within the context of the District's comprehensive planning policies are prerequisites for preparation of a workable scope of work for the Public Facilities Master Plan.

***Borrowing constraints:*** The District's capital budget and Master Lease Program faces a widening gap between the District's constrained capital resources and the cost of maintaining its current inventory -- let alone the funds needed to support new projects.

***Program coordination:*** Over the past few years, District agencies have stepped up efforts to coordinate

Table CA-6

**DEBT RATIOS**

<b>Debt Measures*</b>	<b>District of Columbia</b>	<b>Baltimore</b>	<b>Chicago</b>	<b>Detroit</b>	<b>San Antonio</b>	<b>New York</b>	<b>Philadelphia</b>
Net Overall Debt to Full Value	5.7	2.7	5.8	11.0	1.9	10.2	9.2
Net Overall Debt per Capita	5,887	605	3,764	925	608	5,425	2,422
Debt Service as % of total GF Rev/Exp	7.5	6.1	19.8	6.5	21.1	8.6	9.9

Sources: Most recently published CAFRs (FY 2003 CAFR for DC, Philadelphia, NYC, Detroit and Baltimore; FY 2002 CAFRs for Chicago and San Antonio).

Table CA-7

**Summary Rating Agency Credit Ratings for Long-term Debt**

<b>Investment Attributes</b>	<b>Fitch</b>	<b>Moody's</b>	<b>Standard and Poor's</b>
Highest Quality	AAA	Aaa	AAA
High Quality	AA	Aa	AA
Favorable Attributes	A	A	A
Medium Quality/Adequate	BBB	Baa	BBB
Speculative Elements	BB	Ba	BB
Predominantly Speculative	B	B	B
Poor Standing	CCC	Caa	CCC
Highly Speculative	CC	Ca	CC
Lowest Rating	C	C	C

Source: Public Finance Criteria for Fitch, Moody's, and Standard and Poor's.

Table CA-8

**Summary Rating Agency Credit Ratings for Long-term Debt**

<b>Municipalities</b>	<b>Fitch Ratings</b>	<b>Moody's</b>	<b>Standard and Poor's</b>
District of Columbia	A-	Baa1	A-
Baltimore	A+	A1	A+
New York	A+	A2	A
Philadelphia	A-	Baa1	BBB
Detroit	A	Baa1	A-
San Antonio	AA+	Aa2	AA+
Chicago	AA-	A1	A+

Source: Public Finance Criteria for Fitch, Moody's, and Standard and Poor's.

and consolidate programs to save resources and create "synergy" in neighborhoods. Current examples include the "wrap-around services" provided at some schools. Recognizing the critical shortage in capital funding, fostering creative cooperation among and between service providers will be even more fundamental. To that end, strategic planning on public programs and operations will be necessary to determine where there are gaps in service, overlaps in service and opportunities to leverage multiple services into one facility. These initial discoveries will help drive whether existing facilities need to be upgraded (and where) and whether new facilities are in fact necessary.

The City Administrator leads this planning effort, and the Office of Planning will provide a coordinating role to ensure that this shorter-term planning process remains consistent and integrated with the development of the Comprehensive Plan. The Office of Property Management, Office of Budget and Planning, and other offices will lead specific tasks as appropriate. *All staff work will be performed by District employees, except for areas where specific expertise must be contracted due to the unique nature of the work or to maximize efficiency in the use of time.*

To provide third-party review and validation of final plan recommendations, the FY 2004 Budget Support Act creates a committee of experts to serve in an advisory capacity. Appointed by the Mayor and Council, the committee will review and provide feedback on the data, the analysis and findings of that data, and the final recommendations. Findings from these efforts and feedback from the Advisory Committee will be used by the Mayor as the FY 2006 Capital Improvement Program is developed.

### **FY 2005 Capital Budgeting Planning**

Capital budgeting is closely connected to the facility conditions assessments. The data collected from these assessments will enable agency directors to better estimate their capital needs over multiple years. This year, the administration has taken some important steps to improve the overall processes. First, we have begun estimating the projected capital needs over longer time periods for key agencies. Second, we are working with the major consumers of capital (WMATA, DCPS, and DCPL) to restructure their capital financing plans to comply with existing capital borrowing constraints. Third, we are better coordinating and standardizing capital expenditures across agencies such as elevator repair,

asbestos removal and ADA compliance under one agency - Office of Property Management (OPM). Because of this preliminary work, the Mayor's proposed capital budget will show spending within pools of available resources while addressing the most critical needs.

### **Financial Management Target: Reduction or Containment of Increase of Outstanding Debt and Debt Service**

Historically, the District amortized most of its bond issues over 20 years. In addition to this amortization structure, the District financed an operating deficit in 1991 with an intermediate term (12-year) repayment structure. Only within the last several fiscal years has the District amortized its bonds over 25 to 30 years to better match the useful life of the assets being financed. The former amortization structures caused the District's debt service to be heavily front-loaded, creating a strain on the District's operating budget.

In FY 1999, the District restructured its debt to adjust this heavily front-loaded debt amortization. This restructuring, which moved some of the near-term debt service out to future years, produced debt service and operating budget relief through FY 2005.

From FY 2000 through FY 2004, the District issued a total of \$479 million of unhedged variable-rate bonds to fund approved capital projects. Variable-rate bonds typically provide a lower cost of capital than fixed-rate bonds. For this reason, despite the inherent fluctuation in the debt service on them, it is desirable to have some portion of the District's debt portfolio as variable-rate. The District's target percentage range for variable-rate debt is 10 to 15 percent of the total debt portfolio. The current amount of variable-rate debt outstanding equals approximately 14 percent of the total.

In FY 2001, the District significantly reduced its outstanding general obligation debt by securitizing the revenues that it is due to receive over the next 30 years the national settlement with the manufacturers of tobacco products (the Master Settlement Agreement). The District established a separate instrumentality, the Tobacco Settlement Financing Corporation (the "corporation"), which issued bonds backed by the District's future tobacco settlement revenues (TSRs). This transaction represents the District selling its rights to these TSRs (to the corporation) in exchange for an upfront lump-sum payment (represented by the proceeds of the bond sale). These bonds are revenue bonds payable solely from TSRs to be received by the corporation. The

bonds represent a debt of the corporation and not a debt of the District. Through this transaction, the District transferred the risk associated with non-receipt of TSRs in the future. The bond proceeds from transaction were used to pay off outstanding debt of the District. Specifically, the District reduced its outstanding debt by \$482 million by applying these bond proceeds to pay off outstanding general obligation bonds. This resulted in debt service savings totaling approximately \$684 million over 14 years, for an average of roughly \$50 million of debt service savings per year.

In addition, in accordance with a Congressional requirement, the District used \$35 million of its fund balance in FY 2000 to pay off outstanding general obligation bonds.

Through the transactions described above, the District significantly reduced and restructured its outstanding debt and the associated debt service payments to be made from the District's operating budget. Additional borrowing to fund on-going capital improvements over the past few years have naturally increased the outstanding debt and debt service, and the current CIP will result in further increases; however, these increasing levels will be continually monitored and contained within certain policy limits in the process of managing the debt burden and the debt service affordability associated with the District's debt.

### **Financial Management Target: Debt Ratios Comparable with Industry Standards and within Debt Management Policy Parameters**

Three debt ratios that are typically used as measures of a jurisdiction's debt burden are Debt-to-Full Value (property value), Debt Service-to-General Fund Expenditures, and Debt-Per-Capita. As Table CA-6 indicates, the District's debt ratios are generally comparable with those of other major municipalities, and in some cases substantially better than these jurisdictions. However, the District's debt-per-capita is quite high compared to most other jurisdiction. One of the reasons for this high debt-per-capita is that for years the District has funded capital projects that are typically funded by states. Notwithstanding this fact, the District intends to continually monitor its debt ratios with the goal of having them be comparable or favorable in relation to other major municipalities and rating agency benchmarks. Moreover, the District has established certain debt management policy parameters for its debt ratios to effectively manage its debt burden over the long term. These

parameters provide that the District should not exceed: a debt service-to-general fund expenditures ratio of 10 percent, a debt-per-capita of \$8,000 and a debt-to-full value ratio of 10 percent. In addition, the amount of debt issued in any given fiscal year should not exceed 15 percent of the total current outstanding debt as of the end of the previous fiscal year. There is sufficient capacity within these policy parameters to issue the additional debt necessary to fund the District's proposed FY 2005 CIP.

The FY 2005-2010 CIP proposes that the District fund \$2.0 billion in new and on-going capital projects (excluding Highway Trust Fund projects).

### **Financial Management Target: Improving Bond Ratings from All Three Major Rating Agencies**

Credit ratings evaluate the credit worthiness of a jurisdiction and the credit quality of the notes and bonds that the jurisdiction issues. Specifically, credit ratings are intended to measure the probability of the timely repayment of principal and interest on notes and bonds issued by the District. Potential investors utilize credit ratings to assess their repayment risk in loaning the District funds for capital and short-term operating needs.

There are three major agencies that rate the District's debt: Fitch Ratings, Moody's Investors Service, and Standard & Poor's Ratings Services. A summary of agency credit ratings categories for long-term debt is provided in Table CA-7.

During FY 1995, the District's general obligation debt was downgraded by all three rating agencies to below-investment-grade or junk bond levels. Since 1998, each rating agency has issued a series of upgrades to the District's bond rating. The District's current ratings are A-, A- and Baa1 by Standard & Poor's, Fitch and Moody's, respectively. The upgrades that occurred in 1999 raised the District's ratings back to investment-grade levels, and the upgrades to the A category (A-) in 2003 represented a significant milestone in the District's financial recovery. The upgrades in the bond ratings by these agencies made the District's bonds more marketable, hence resulting in a lower cost of capital to the District. One of the District's intermediate-to-long-term targets is to have its general obligation bond ratings raised to the AA level by these rating agencies.

The rating agencies currently rate the District's long-term general obligation bonds, and other major cities' bonds, (see table CA-8 for rates of other major cities) by the following information:

- Economic base

- Financial performance
- Management structure and performance
- Demographics
- Debt burden

Credit ratings are very important to the Capital Program. They affect the District's cost of capital as well as represent an assessment of the District's financial condition. The cost of capital also plays a role in determining spending affordability. Higher costs for capital financing diminish the ability of the Capital Program to proceed with programmatic objectives. In short, higher costs for capital results in fewer bridges rehabilitated, roofs repaired and facilities renovated. On the other hand, lower costs of capital increase the affordability of such projects.

### **Major Assumptions**

A number of assumptions must be established to develop a comprehensive Capital Improvement Plan budget. Due to the unique and changing nature of the District's organizational structure and financial position, it is difficult to precisely forecast revenues, expenditure patterns, costs, and other key financial indicators. Nonetheless, the following primary assumptions were used to develop this CIP:

- The capital expenditure target for the FY 2005 to FY 2010 CIP is based on the assumption that the District can meet its FY 2005 Operating Budget's current and future expenditure targets as established by the CIP.
- The FY 2005 Operating Budget will be sufficient to provide for:
  - Lease payments for the District's Master Lease Program used to finance certain equipment projects.
  - Debt service on long-term bond financings.

### **Capital Improvements Plan Development Process**

The Capital Program, as mandated by Public Law 93-198 - the Home Rule Act, has the annual responsibility of formulating the District's Six-Year Capital Improvements Plan. Each District agency is responsible for the initial preparation and presentation of an agency specific plan. Under the program, projects should complement the planning of other District agencies and must constitute a coordinated, long-term program to improve and effectively use the capital facilities and agency infrastructure. Specifically, the CIP should sub-

stantially conform to the Office of Planning's Comprehensive Plan, the District of Columbia Municipal Regulations Title 10 Planning and Development (Chapters 1 to 11).

### **Program Participants**

The development and implementation of the CIP is a coordinated effort among the District's programmatic, executive, and legislative/oversight bodies.

### **Implementing Agencies (Programmatic)**

Implementing agencies manage actual construction and installation of a capital facility or supporting infrastructure. The implementing agencies are responsible for the execution of projects. This task includes the appointment of a Capital Financial Officer, who monitors the progress of the projects, and ensures:

The original intent of the project is fulfilled as Congressionally approved.

- The highest priority projects established by the user agency are implemented first.
- Financing is scheduled for required expenditures.

Historically, the Office of Property Management is the implementing agency for over 90 percent of the projects in the CIP.

### **Office of Budget and Planning (Executive)**

The Office of Budget and Planning (OBP) is responsible for issuing budget call instructions to District agencies. OBP provides technical direction to agencies for preparing expenditures plans, project/subproject justifications, priority ranking factors, operating budget impacts, cost estimates, milestone data and performance measures. The budget call allows for updates to ongoing projects and requests for additional financing and appropriated budget authority for ongoing and new projects. The OBP coordinates project evaluations to determine agency needs through careful analysis of budget request data, review of current available and future financing requirements, and comparison of project financial needs with the current bond sales and general fund subsidies anticipated to be available for CIP purposes.

### **Budget Review Team (Executive)**

The City Administrator chairs the Budget Review Team (the BRT) with representatives from the Office of the City Administrator, Chief Financial Officer, Deputy CFO for Budget and Planning, Deputy CFO for Finance and Treasury, Deputy Mayors and Mayor's Chief of Staff. The advisors to the team are the Directors

of the Office of Property Management, Office of Planning and the Office of the Chief Technology Officer. The Office of Budget and Planning, provides analysis and all staff support to the BRT. The Budget Review Team evaluates agency requests using criteria developed by the Office of Budget and Planning.

### **Mayor (Executive)**

The BRT recommendation is then submitted to the Mayor for review, approval and transmittal to the Council. This fiscal year, or in a control year, the BRT's recommendation is submitted to the Mayor and Council for joint review and consensus approval.

Council, Budget Review Team, and Congress (Legislative/Oversight)

There are two levels of legislative/oversight review. They are as follows:

- The Council of the District of Columbia (the Council)
  - The Congress of the United States (the Congress)
- Each body reviews and approves the capital budget and the six-year plan.

### **Authorizing Projects in the CIP**

The OBP reviews and analyzes the CIP with the assistance of the Budget Review Team (the "BRT"). The CIP is developed in the four-step process described below :

#### **Step 1: Budget Call**

In the fall of the current fiscal year, District agencies are requested to provide the OBP with updated information regarding ongoing projects (increases or decreases in funding or planned expenditures), as well as requests for new projects. The instructions call for agencies to provide detailed information on a project's expenditure requirements, physical attributes, implementation timeframe, feasibility, and community impact. In addition, agencies provide project milestones, estimated costs, expenditure plans, operating budget impacts and a prioritized list of potential capital projects. The agency requests are disseminated to all members of the Budget Review Team for review.

#### **Step 2: Budget Analysis**

Project requests submitted in Step 1 undergo a thorough analysis to determine if agency requests merit inclusion in the District's CIP. This analysis is divided into the following three primary functions:

Function 1 - Project Justification: Each project request is evaluated by the BRT to determine its rela-

tionship with the agency's overall mission, whether the project is duplicative of efforts of another agency's on ongoing project, whether the project is in concurrence with the District's Comprehensive Plan, and whether the planned expenditure is an operating rather than capital expense.

In addition, project requests are reviewed based on priority criteria and must meet one or more of the factors below :

- Health/Safety
- Legal Compliance
- Efficiency Improvement
- Facility Improvement
- Revenue Initiative
- Economic Development
- Project Close-out

Function 2 - Cost Analysis: An important factor in the evaluation of a project request is the overall cost it will incur. Cost estimates are developed in conjunction with the Department of Public Works and the Office of Property Management to validate the project costs proposed in the agency submissions. Furthermore, future operating costs are estimated in order to provide supplementary information regarding out-year liabilities once the project is implemented (Operating Budget Impacts).

Function 3 - Financing Analysis: The Office of the Chief Financial Officer is committed to finance capital projects in a manner in which:

- Funding is committed for the entire CIP
- The District receives the lowest cost of funding available
- The useful life of capital projects matches and does not exceed the average maturity of the liability used to finance the assets

As such, the OBP reviews the useful life of each project and presents this information to the Office of Finance and Treasury (OFT). OFT develops a strategy to match the underlying assets with an appropriate means of financing.

#### **Step 3: Budget Review Team Recommendations**

The BRT formulates a recommendation in the form of a CIP. The team's recommendation is then submitted to the Mayor for review, approval and transmittal to the Council.

## Step 4: Approval

After reviewing all capital project requests with regard to scope of work, projected cost, and financing alternatives, the BRT evaluates the projects based on their physical attributes, implementing feasibility, and physical/economic impact on the community. The BRT then formulates a recommendation in the form of a CIP. The proposed Capital Improvements Plan is then submitted to the Mayor and Council for approval and then to Congress for final congressional approval.

Phase 6, Requirements Development Phase encompasses both definition of requirements and design of the system to be implemented. This phase defines requirements and design elements to a level of detail that allows technicians to decide upon development and configuration choices.

In phase 7, Development and Testing, project requirements and systems design are translated into a working version of the system. This phase also includes all testing stages from unit/component testing through complete systems testing to user acceptance testing.

Phase 8, includes all activities to make the system available to all users. During this stage all functions necessary to make the system part of normal user activities is done. For Technology systems turnover means documenting processes and activities necessary to put the system into productions.

## Phases of a Capital Project

It is assumed that all capital projects are actually the sum of a series of sections, grouping types of tasks necessary to accomplish the project's goal. These sections are defined as phases. Each project in the CIP is approved and budgeted for five phases. However, in some instances, projects need funding for planned expenditures only in one particular phase, such as major equipment acquisition. Phases are referenced numerically and alphabetically, and are:

- Design (01)
- Site (02)
- Project Management (03)
- Construction (04)
- Equipment (05)
- IT Requirement Development (06)
- IT Development and Testing (07)
- IT Development and Turnout (08)

Design includes all work completed to define the scope and content of the project. Architects and engineers that agencies employ to analyze the planning for a project would be funded from the design phase. Costs associated with solicitations and proposals also fall within this phase. This phase also would be used to fund any processes necessary for selection of contracts.

Site Acquisition covers costs for site preparation expenses, legal work or probable demolition and hauling expenses. Site appraisal and survey also would be funded through this phase.

Project Management pays all internal agency management and support costs from design to construction. Activities within this phase include any work of the project manager and other staff.

Construction includes any construction contract work done by other District agencies. This phase funds work on a particular construction contract.

Equipment funds disbursements for specialized equipment. Equipment funded through capital has to be permanently connected to the physical plant designed as an integral part of the facility. Equipment defined for funding by this phase includes such items as the purchase and installation of elevators, boilers, generators, and HVAC systems. The Capital Program will not fund office equipment or personal computers. These are funded by the operating budget.

The following three phases were design to accommodate planning for Information technology projects.

## Project Milestones

Each phase of a project is monitored and tracked using milestone data. This lets the Capital Program to determine if projects are being completed on time and within budget. Milestone data is provided by agencies in the quarterly Financial Review Process (FRP) and in the annual budget submissions as justification for additional funding.

Milestone data includes such items as project authorization dates, original project cost estimates, contract award dates, revised completion dates, construction start dates and others. In an attempt to summarize the various elements of milestone data, the Capital Program includes status codes in the project description forms